

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2001-316-C - ORDER NO. 2001-1044

NOVEMBER 7, 2001

IN RE:	Application of Trans National)	ORDER GRANTING
	Communications International, Inc. for a)	CERTIFICATE
	Certificate of Public Convenience and)	
	Necessity to Provide Resold Local Exchange)	
	and Interexchange Telecommunications)	
	Services and for Flexible and Alternative)	
	Regulation.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Trans National Communications International, Inc. (Trans National or the Company) for authority to provide local exchange and intrastate interexchange telecommunications services within the State of South Carolina. The Company requests that the Commission regulate its local telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. In addition, the Company requests that the Commission regulate its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Application was filed pursuant to S.C. Code Ann. Section 58-9-280 (Supp. 2000), and the Rules and Regulations of the Commission.

By letter, the Commission's Executive Director instructed the Applicant to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform

interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. The Applicant complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On September 24, 2001, counsel for SCTC filed with the Commission a Stipulation in which the Applicant stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Trans National provided written notice of its intent prior to the date of the intended service. The Company also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Trans National agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to the Company provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on October 10, 2001, at 2:30 p.m. in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. Trans National was represented by Scott Elliott, Esquire. Richard Hargrave, Chief Financial Officer for Trans National, appeared and testified on behalf of the Company. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff. Vivian Brown

Dowdy, Auditor, and Colanthia Alvarez, Rates Analyst, testified for the Commission Staff.

Trans National seeks a certificate of public convenience and necessity to provide resold local exchange telecommunications and interexchange services throughout the State of South Carolina. Trans National is a Delaware corporation that has received authorization to transact business within the State of South Carolina. Hargrave presented testimony regarding the Company's managerial, technical, and financial ability to provide telecommunications services in South Carolina.

Regarding the Company's technical ability to provide telecommunications services in South Carolina, Trans National plans to offer a full array of local exchange and interexchange services to both business and residential customers. The Company will resell the facilities of existing LECs or underlying carriers that presently serve South Carolina. Moreover, Trans National will primarily resell the facilities and services of BellSouth for local services, through agreements with Focal Communications. For its interexchange telecommunications services, Trans National intends to utilize MCI WorldCom, Sprint, Frontier and Global Crossing as its underlying carriers. Upon receiving certification in South Carolina, Trans National intends to market its services through direct sales by Trans National's employees.

The Company's customer service representatives will be available to assist customers and to respond to all customer inquiries. The applicable local or toll free customer service number will be printed on customers' monthly billing statements. Trans

National's customer service representatives will respond to various questions such as general service matters and inquiries regarding monthly billing statements.

Regarding the Company's managerial ability to provide telecommunications services in South Carolina, Hargrave testified Trans National has sufficient managerial resources to provide the telecommunications services it seeks to provide in South Carolina. According to the record, Trans National's senior management team is highly skilled, having acquired considerable experience in the telecommunications industry. The record also reveals that the Company's extensive expertise has allowed the Company to develop innovative marketing strategies which will enable the Company to provide quality service at competitive rates, while resulting in profitable operations for the Applicant. The record also reveals that Trans National possesses the requisite financial capabilities to operate as a competitive telecommunications provider.

Trans National previously applied for authority to provide long distance telecommunications services in South Carolina. On August 16, 2000, the Commission issued Order No. 2000-664 (Docket Number 1999-384-C). In Order No. 2000-664, the Commission denied the Company's Application without prejudice. The Commission found that Trans National provided telecommunications services in South Carolina in violation of S.C. Code Ann. Section 58-9-280 by collecting revenue from intrastate calls in South Carolina in excess of twenty-one thousand dollars. Additionally, Trans National was ordered to refund to its South Carolina customers intrastate revenues collected in South Carolina without certification and to certify to the Commission that the refunds have been made for auditing purposes. Hargrave testified that since the Commission's

denial of Trans National's prior Application until the date of the hearing, the Company has collected intrastate South Carolina revenues from its South Carolina customers in the amount of \$9,655.00.

On November 1, 2001, the Company filed a Late Filed Exhibit wherein Trans National addressed the issue of the Company receiving revenue for the completion of intrastate calls in South Carolina. In Late Filed Exhibit Three, Trans National offered to take the following course of action: 1) to permit the Commission Staff to closely monitor its operations for one year from the date of certification; 2) to convene and attend quarterly status conferences with the Commission Staff for one year from the date of certification (these conferences may be conducted telephonically; and 3) to refund intrastate revenue collected from its South Carolina customers prior to certification, which at the time of the hearing was \$9,655.00, and to provide proof of these refunds to the Commission Staff. Late Filed Exhibit Three also states that if the Company is certificated, Trans National will strive to work closely with the Commission and its Staff to satisfy the Commission that Trans National will provide the very best telecommunications services to the citizens of South Carolina and comply with all statutes, rules and regulations governing its services.

Dowdy reviewed the Company's financial information filed with the Commission. The financial statements filed with the Application were for the period ending April 30, 2001. Its balance sheet indicated cash made up 22% of total assets. The current ratio for April 30, 2001, is .87, which indicates there were not enough current assets to meet all current liabilities as of the balance sheet date. Additionally, retained

earnings were negative due to current and prior year losses. In sum, Dowdy testified the financial statements filed with Trans National's application indicate Trans National is liquid, but the retained earnings are negative. Furthermore, in order for the Company to continue to operate, Trans National needs a source of working capital, such as profits, long-term debt or additional paid-in-capital by the owners.

Alvarez presented the findings of the Utilities Department with respect to Staff's review of the Application of Trans National. Alvarez also reviewed the Company's tariff and her testimony included recommended modifications to the Company's tariff so the tariff complies with the Commission's rules, regulations, and Orders. Hargrave agreed on behalf of the Company to modify the Company's tariff in accordance with Alvarez's recommendations.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Trans National is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Trans National is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.
3. Trans National has the managerial, technical, and financial resources to provide the services as described in its Application.

4. The Commission finds that Trans National's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 2000).

5. The Commission finds that Trans National will support universally available telephone service at affordable rates.

6. The Commission finds that Trans National will provide services which will meet the service standards of the Commission.

7. The Commission finds that the provision of local exchange service by Trans National "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 2000).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Trans National to provide competitive intrastate resold non-rural local exchange service in South Carolina. The terms of the Stipulation between Trans National and SCTC are approved, and adopted as a part of this Order. Any proposal to provide such service to rural service areas is subject to the terms of the Stipulation. In addition, Trans National is granted authority to provide intrastate interLATA interexchange service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. Trans National has continued to provide telecommunications services in South Carolina and receive revenue from its South Carolina customers prior to the Company receiving certification from this Commission. Therefore, Staff shall closely monitor Trans National's telecommunications operations for one year from the date the Company is granted certification. Additionally, the Company is directed to convene and attend quarterly status conferences with the Commission Staff for one year from the date of certification. These conferences may be conducted telephonically.

3. Trans National shall also refund all intrastate revenue collected from its South Carolina customers prior to the Company receiving certification from this Commission. The Company shall also provide written proof of these refunds to the Commission Staff.

4. Trans National shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. Trans National's local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for Trans National's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, Trans National's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an

investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

5. The Commission adopts a rate design for the long distance services of Trans National which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Under the Commission approved alternative regulation, the business service offerings of Trans National including consumer card services, and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Trans National also.

6. With regard to the interexchange residential service offerings of Trans National, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint

Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

7. Trans National shall not adjust its interexchange residential rates below the approved maximum level without notice to the Commission and to the public. Trans National shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2000).

8. If it has not already done so by the date of issuance of this Order, Trans National shall file its revised interexchange long distance tariff within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

9. Trans National is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

10. With regard to the Company's resale interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

11. Trans National shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Trans National changes underlying carriers, it shall notify the Commission in writing.

12. With regard to the origination and termination of toll calls within the same LATA, Trans National shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

13. Trans National shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of the forms which the Company shall utilize to file annual surveillance reports with the Commission is "Annual Information on South Carolina Operations for Interexchange Companies and AOS".

14. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests

and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Trans National shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The Company shall utilize the “Authorized Utility Representative Information” form which can be located at the Commission’s website at www.psc.state.sc.us/forms to file the names of these representatives with the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

15. Trans National shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

16. The Company also requests a waiver of 26 S.C. Code Ann. Regs. 103-631 (Supp. 2000) and 103-610 (1976). Trans National will make arrangements with the incumbent local exchange carriers whereby the names of Trans National’s customers will be included in the directories published by the incumbent local exchange carriers. We find the Company’s request to have the names of its customers published in the directories of the incumbent local exchange carrier reasonable and we grant the Company’s request for a waiver of 26 S.C. Code Ann. Regs. 103-631 (Supp. 2000). We also grant the Company’s request to maintain its books in accordance with Generally Accepted Accounting Principles. Additionally, the Company requests a waiver of S.C.

Code Ann. Regs. 103-610 (1976) so that the Company can keep its books and records at its principal place of business. We find that an unusual difficulty would be placed on the Company if it were required to keep its books and records, which are maintained in accordance with Regulation 103-610, within the State of South Carolina; therefore, the Company's request for a waiver of Regulation 103-610 is also granted. However, the Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

17. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Trans National to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, Trans National shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the

city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

18. Trans National shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Trans National shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The "Annual Report for Competitive Local Exchange Carriers" form can be located at the Commission's website at www.psc.state.sc.us/forms. This form shall be utilized by the Company to file annual financial information with the Commission. Additionally, pursuant to the Commission's regulations, the Company shall file a "CLEC Service Quality Quarterly Report" with the Commission. The proper form for this report can be found at the Commission's website at www.psc.state.sc.us/forms/default.htm.

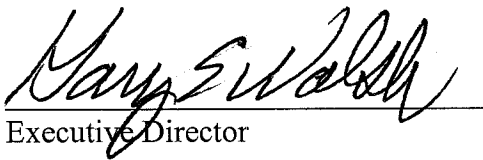
19. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:


Executive Director

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2001-316-C

Re: Application of Trans National Communications)
International, Inc. for a Certificate of Public)
Convenience and Necessity to Provide Resold)
Local Exchange and Interexchange Tele-)
communications Services in the State of)
South Carolina)
_____)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Trans National Communications International, Inc. ("Trans National") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Trans National's Application. SCTC and Trans National stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Trans National, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Trans National stipulates and agrees that any Certificate which may be granted will authorize Trans National to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Trans National stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Trans National stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless

and until Trans National provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Trans National acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Trans National stipulates and agrees that, if Trans National gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Trans National will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Trans National acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.


7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Trans National, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Trans National agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Trans National hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 19th day of September, 2001.

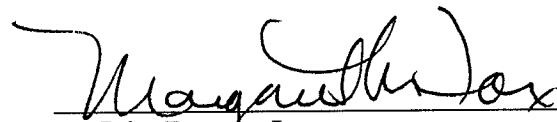
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Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

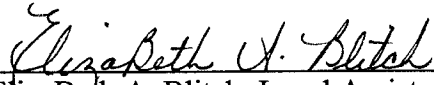
Docket No. 2001-316-C

Re: Application of Trans National Communications)
International, Inc. for a Certificate of Public)
Convenience and Necessity to Provide Resold)
Local Exchange and Interexchange Tele-)
communications Services in the State of)
South Carolina)
_____)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Lance J. M. Steinart, Esquire
6455 East Johns Crossing, Suite 285
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September 24, 2001

Columbia, South Carolina